

Current Date

Borrower Name

Borrower Address

Borrower City/State/Zip

RE: Loan # _____

Dear Borrower:

This is to inform you that the U.S. Small Business Administration plans to sell its loan portfolio through a series of sales initiatives. While SBA owns a majority interest in your SBA loan, a SBA lender, who owns a minority interest, is servicing it. The lender has consented to the sale of the above referenced loan(s) by SBA, and it will be included in the next SBA loan sale. The bid date is scheduled to be in the fourth quarter of 2001. SBA prefers to sell the entire borrowing relationship. If you have other outstanding SBA loans that are not already in this sale, including any loans secured by the same collateral, please contact your SBA lender to discuss the feasibility of including them in the same sale.

Please continue to make the agreed upon loan payments to your SBA lender until further notice. After the loan has been sold, SBA will provide the address of the buyer to which all future payments must be sent. However, if you wish to pay off your loan with the SBA, please contact your SBA lender immediately. If you have filed bankruptcy, please disregard the information below that discusses arrangements for payment.

Please be advised that specific servicing cut-off dates will be established for servicing actions that affect the collateral or the note, and no further servicing action on loans can be taken for a period of time after the dates established, absent urgent circumstances. For further information see the attached "Borrower's Frequently Asked Questions."

We hope "Borrower's Frequently Asked Questions" will answer any concerns you may have about the sale of your loan by SBA. The sale of your loan in no way alters the existing written agreements you have with the SBA. By contract, the purchaser of your loan must comply with the written terms and conditions of the loan documents. Borrowers who make their payments as agreed are not likely to notice changes in servicing other than the mailing address for payments.

Special Note: if you have an arrangement for automatic loan payments to the SBA through electronic debits to your account, you must call your bank to stop/cancel this arrangement *when you are notified that your loan has been sold*. If you still want to use the electronic debit payment method after your loan is sold, you must call the purchaser of your loan to make arrangements. We regret that we have no means to take care of this for you after your loan is sold.

In preparation for this loan sale, please be advised that a contractor for the SBA may be inspecting your property in the near future. In addition, for certain types of collateral, an environmental review of your property may be necessary. Only full property appraisals (for loans over \$500,000) and specific types of environmental reviews will necessitate access to the interior of your property. Before an appraisal or environmental review begins, the contractor will call first to schedule an appointment.

If you have any questions regarding the pay off amount for your loan, please contact your SBA lender.

Sincerely,

SBA Loan Officer
Phone Number